

## **GARNISHMENTS**

- A. Garnishment refers to a specific sum deducted from an applicant's or customer's
1. Wages to satisfy a debt owed to:
    - A creditor
    - A medical institution, or
    - For child support arrearages
  2. Benefit income to repay an overpayment to:
    - Social Security Administration
    - Veterans Administration
    - Railroad Retirement
    - Unemployment Insurance, or
    - An Annuity
- B. Garnishments appear as a deduction from the gross payment amount
- C. Use the gross payment amount received by the applicant or customer to calculate income **unless the amount garnished is to repay an overpayment that did not occur due to any fraudulent actions of the applicant or customer**
- D. Outstanding or overdue debts (bills) that have not been paid and are being recovered by garnishment, **are never an allowable deduction**
- E. In situations where the applicant or customer is paying a support ordered amount of child support in addition to a garnishment (also known as a wage lien) for arrearages owed, do not count the arrearages as a deduction
1. The garnishment (wage lien) is considered as an outstanding debt, and
  2. Is counted as a part of the gross monthly earnings
  3. The regular monthly child support payment is an allowable deduction

**Note:** The Child Support Enforcement Agency uses the word “garnishment” to refer to money taken from an obligor’s financial accounts (i.e. retirement accounts, savings accounts, annuity accounts, etc.) to pay the obligor’s child support payments that are in **arrears only**.

**EXAMPLES:**

Example 1. Mrs. Smith receives TCA for herself and son. She receives \$130 per month in unemployment benefits, and gets only \$70 of that amount due to a garnishment of \$60 per month for child support arrearages she owes to her ex-husband for support of another son. The arrearage owed is not an allowable deduction.

- \$328 - TCA benefit amount for 2
- 70 - Net amount of unemployment benefits received each month  
(\$130 - \$60 = \$70)
- \$258 - TCA monthly benefit received

Example 2. Mrs. Johnson receives TCA for herself and 3 children. She receives also \$150 per month in survivor's benefits from Social Security for herself and \$100 for each of the children. Due to an overpayment of benefits made to her during 1998 and 1999, Social Security is recouping \$100 each month from her monthly benefits. The recoupment is not because of any fraudulent actions by Mrs. Johnson.

- \$503 - TCA benefit amount for 4
- 350 - Net amount of social security benefits received each month  
(\$450 - 100 = 350)
- \$ 153 - TCA monthly benefit received

Example 3. Mrs. Williams has applied for TCA for herself and 2 children. She is employed and earns \$150 each week. She pay \$50 a week for child care for her 2 children and has \$50 garnished from her wages each week to pay an outstanding hospital bill. She passes the initial needs test.

- \$150 X 4 = \$600 - Gross monthly earnings
- \$600 X 35% = - 210 - Allowable disregard
- \$390

